



February 16, 2007

HOUSE BILL No. 1835

DIGEST OF HB 1835 (Updated February 14, 2007 2:26 pm - DI 14)

Citations Affected: IC 4-31; IC 4-33; IC 4-35; IC 6-8.1; IC 35-45; noncode.

Synopsis: Race tracks. Requires 160 live racing days each year. Authorizes slot machines at racetracks. Imposes an initial license fee of \$75,000,000 which must be deposited in the Indiana health insurance fund. Limits a permit holder who offers slot machines to the number of satellite facility licenses issued to the permit holder before January 1, 2007. Requires a racetrack to annually devote at least 15% of the adjusted gross receipts from slot machine wagering at the racetrack to horse racing purses. Imposes a wagering tax of 32% on the first \$150,000,000 of a licensee's adjusted gross receipts from slot machine wagering and 37.5% on the licensee's adjusted gross receipts that exceed \$150,000,000. Redirects certain riverboat admissions taxes from the horse racing commission to the Indiana health insurance fund. Reduces the supplemental distribution paid to the horse racing commission in state fiscal years ending before July 1, 2009, and eliminates the supplemental distribution after June 30, 2009. Establishes the Indiana health insurance fund.

Effective: Upon passage.

Van Haaften

January 17, 2007, read first time and referred to Committee on Rules and Legislative Procedures.

February 1, 2007, reassigned to Committee on Public Policy.

February 15, 2007, amended, reported — Do Pass. Recommited to Committee on Ways and Means.

HB 1835—LS 6529/DI 44+



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February 16, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1835

A BILL FOR AN ACT to amend the Indiana Code concerning gaming and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-31-2-10.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 10.5. "Live racing day" means a day on**
4 **which at least eight (8) live horse races are conducted.**
- 5 SECTION 2. IC 4-31-2-20.7 IS ADDED TO THE INDIANA CODE
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
7 UPON PASSAGE]: **Sec. 20.7. "Slot machine" refers to a slot**
8 **machine approved by the Indiana gaming commission for**
9 **wagering under IC 4-35.**
- 10 SECTION 3. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS
11 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county fiscal body may
12 adopt an ordinance permitting the filing of applications under
13 IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks
14 in the county. However, before adopting the ordinance, the county
15 fiscal body must:
- 16 (1) conduct a public hearing on the proposed ordinance; and
17 (2) publish notice of the public hearing in the manner prescribed

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by IC 5-3-1.

(b) The county fiscal body may:

- (1) require in the ordinance adopted by the county fiscal body that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter; or
- (2) amend an ordinance already adopted by the county fiscal body to require that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who has already been issued a permit under IC 4-31-5 before amendment of the ordinance.

(c) An ordinance adopted under this section authorizing a person to conduct pari-mutuel wagering on horse races at racetracks in the county may not be adopted or amended in a manner that restricts a person's ability to conduct gambling games under IC 4-35. An ordinance adopted by the county fiscal body permitting slot machines in the county is not a prerequisite for the lawful operation of slot machines under IC 4-35.

SECTION 4. IC 4-31-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The commission shall determine the dates ~~and the number~~ of racing days authorized under each recognized meeting permit. Except for racing at winterized tracks, a recognized meeting may not be conducted after December 10 of a calendar year.

(b) The commission shall require at least one hundred sixty (160) live racing days each calendar year at the racetrack designated in a permit holder's permit, as follows:

- (1) One hundred (100) live racing days must be for standardbreds.**
- (2) Sixty (60) live racing days must be for horses that are:**
 - (A) mounted by jockeys; and**
 - (B) run on a course without jumps or obstacles.**

The requirements of this subsection are a continuing condition for maintaining the permit holder's permit. However, the requirements do not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or another event over which the permit

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holder has no control.

SECTION 5. IC 4-31-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) As used in this section, "live racing day" means a day on which at least eight (8) live horse races are conducted.

(b) The commission's authority to issue satellite facility licenses is subject to the following conditions:

(1) **Subject to subsection (c)**, the commission may issue four (4) satellite facility licenses to each permit holder that

(A) ~~conducts at least one hundred twenty (120) live racing days per year at the racetrack designated in the permit holder's permit; and~~

(B) ~~meets the other requirements of this chapter and the rules adopted under this chapter.~~

If a permit holder that operates satellite facilities does not meet the required minimum number of live racing days, the permit holder may not operate the permit holder's satellite facilities during the following year. However, the requirement for one hundred twenty (120) live racing days does not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or other event over which the permit holder has no control. In addition, if the initial racing meeting conducted by a permit holder commences at such a time as to make it impractical to conduct one hundred twenty (120) live racing days during the permit holder's first year of operations, the commission may authorize the permit holder to conduct simulcast wagering during the first year of operations with fewer than one hundred twenty (120) live racing days.

(2) Each proposed satellite facility must be covered by a separate application. The timing for filing an initial application for a satellite facility license shall be established by the rules of the commission.

(3) A satellite facility must:

(A) have full dining service available;

(B) have multiple screens to enable each patron to view simulcast races; and

(C) be designed to seat comfortably a minimum of four hundred (400) persons.

(4) In determining whether a proposed satellite facility should be approved, the commission shall consider the following:

(A) The purposes and provisions of this chapter.

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(B) The public interest.

(C) The impact of the proposed satellite facility on live racing.

(D) The impact of the proposed satellite facility on the local community.

(E) The potential for job creation.

(F) The quality of the physical facilities and the services to be provided at the proposed satellite facility.

(G) Any other factors that the commission considers important or relevant to its decision.

(5) The commission may not issue a license for a satellite facility to be located in a county unless IC 4-31-4 has been satisfied.

(c) A permit holder licensed to conduct gambling games under IC 4-35 is limited to the number of satellite facility licenses issued to the permit holder before January 1, 2007.

SECTION 6. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

(1) another place other than that provided and designated by the person; or

(2) another method or system of betting or wagering.

However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 7. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A person less than eighteen (18) years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than eighteen (18) years of age may not enter a satellite facility.

(d) Except as provided by IC 4-35-7-2, a person less than

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1 **twenty-one (21) years of age may not enter the area of a racetrack**
 2 **in which gambling games are conducted under IC 4-35.**

3 SECTION 8. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS
 4 [EFFECTIVE UPON PASSAGE]: Sec. 1. A person that holds a permit
 5 to conduct a horse racing meeting or a license to operate a satellite
 6 facility shall withhold:

7 (1) eighteen percent (18%) of the total of money wagered on each
 8 day at the racetrack or satellite facility (including money wagered
 9 on exotic wagering pools, **but excluding money wagered on slot**
 10 **machines under IC 4-35);** plus

11 (2) an additional three and one-half percent (3.5%) of the total of
 12 all money wagered on exotic wagering pools on each day at the
 13 racetrack or satellite facility.

14 SECTION 9. IC 4-33-2-17.5 IS ADDED TO THE INDIANA CODE
 15 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 16 UPON PASSAGE]: **Sec. 17.5. "Slot machine taxes" means the taxes**
 17 **imposed under IC 4-35-8-1 on the adjusted gross receipts of**
 18 **gambling games conducted under IC 4-35.**

19 SECTION 10. IC 4-33-12-6, AS AMENDED BY P.L.4-2005,
 20 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 UPON PASSAGE]: Sec. 6. (a) The department shall place in the state
 22 general fund the tax revenue collected under this chapter.

23 (b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7,
 24 the treasurer of state shall quarterly pay the following amounts:

25 (1) Except as provided in subsection (k), one dollar (\$1) of the
 26 admissions tax collected by the licensed owner for each person
 27 embarking on a gambling excursion during the quarter or
 28 admitted to a riverboat that has implemented flexible scheduling
 29 under IC 4-33-6-21 during the quarter shall be paid to:

30 (A) the city in which the riverboat is docked, if the city:

31 (i) is located in a county having a population of more than
 32 one hundred ten thousand (110,000) but less than one
 33 hundred fifteen thousand (115,000); or

34 (ii) is contiguous to the Ohio River and is the largest city in
 35 the county; and

36 (B) the county in which the riverboat is docked, if the
 37 riverboat is not docked in a city described in clause (A).

38 (2) Except as provided in subsection (k), one dollar (\$1) of the
 39 admissions tax collected by the licensed owner for each person:

40 (A) embarking on a gambling excursion during the quarter; or

41 (B) admitted to a riverboat during the quarter that has
 42 implemented flexible scheduling under IC 4-33-6-21;

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shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and

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1 routine operations of the racetrack. No grants shall be made
 2 for long term capital investment or construction, and no grants
 3 shall be made before the racetrack becomes operational and is
 4 offering a racing schedule.

5 (c) With respect to tax revenue collected from a riverboat located in
 6 a historic hotel district, the treasurer of state shall quarterly pay the
 7 following amounts:

8 (1) Twenty-five percent (25%) of the admissions tax collected
 9 during the quarter shall be paid to the county treasurer of the
 10 county in which the riverboat is docked. The county treasurer
 11 shall distribute the money received under this subdivision as
 12 follows:

13 (A) Twenty percent (20%) shall be quarterly distributed to the
 14 county treasurer of a county having a population of more than
 15 thirty-nine thousand six hundred (39,600) but less than forty
 16 thousand (40,000) for appropriation by the county fiscal body
 17 after receiving a recommendation from the county executive.
 18 The county fiscal body for the receiving county shall provide
 19 for the distribution of the money received under this clause to
 20 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
 21 the county under a formula established by the county fiscal
 22 body after receiving a recommendation from the county
 23 executive.

24 (B) Twenty percent (20%) shall be quarterly distributed to the
 25 county treasurer of a county having a population of more than
 26 ten thousand seven hundred (10,700) but less than twelve
 27 thousand (12,000) for appropriation by the county fiscal body.
 28 The county fiscal body for the receiving county shall provide
 29 for the distribution of the money received under this clause to
 30 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
 31 the county under a formula established by the county fiscal
 32 body after receiving a recommendation from the county
 33 executive.

34 (C) Sixty percent (60%) shall be retained by the county where
 35 the riverboat is docked for appropriation by the county fiscal
 36 body after receiving a recommendation from the county
 37 executive. The county fiscal body shall provide for the
 38 distribution of part or all of the money received under this
 39 clause to the following under a formula established by the
 40 county fiscal body:

41 (i) A town having a population of more than two thousand
 42 two hundred (2,200) but less than three thousand five

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hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(A) Job creation and retention.

(B) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(C) Housing.

(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that

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operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

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shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

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(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year

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revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) ~~exceed~~ **exceeds** a particular entity's base year revenue; and
- (2) would otherwise be due to the entity under this section; to the property tax replacement fund instead of to the entity.

SECTION 11. IC 4-33-12-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7. (a) The maximum amount paid to the Indiana horse racing commission under this article in a state fiscal year ending before July 1, 2009, may not exceed the remainder of:**

- (1) the Indiana horse racing commission's base year revenue as determined under section 6(h) of this chapter; minus**
- (2) the amount of slot machine taxes, if any, distributed to the Indiana horse racing commission under IC 4-35-8-3 in the state fiscal year.**

(b) For a state fiscal year ending before July 1, 2009, the treasurer of state shall pay an amount equal to the lesser of:

- (1) the amount of admissions taxes specified in:**
 - (A) section 6(b)(6) of this chapter; and**
 - (B) section 6(d)(7) of this chapter; or**
- (2) the amount of slot machine taxes subtracted from the Indiana horse racing commission's base year revenue under subsection (a);**

to the Indiana health insurance fund established by IC 4-35-8-8 instead of to the Indiana horse racing commission.

(c) For a state fiscal year beginning after June 30, 2009, the Indiana horse racing commission is not entitled to a distribution of admissions taxes collected under this chapter. After June 30, 2009, the treasurer of state shall pay the total amount of admissions taxes specified in:

- (1) section 6(b)(6) of this chapter; and**
 - (2) section 6(d)(7) of this chapter;**
- to the Indiana health insurance fund established by IC 4-35-8-8 instead of to the Indiana horse racing commission.**

SECTION 12. IC 4-33-13-5, AS AMENDED BY P.L.91-2006,



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SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) Thirty-seven and one-half percent (37.5%) shall be paid to the

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West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(3) Five percent (5%) shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Ten percent (10%) shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(5) Ten percent (10%) shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where

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the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

- (1) exceeds a particular city's or county's base year revenue; and
- (2) would otherwise be due to the city or county under this section;

to the property tax replacement fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):

- (1) Surplus lottery revenues under IC 4-30-17-3.
- (2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.
- (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this subsection, the

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1 treasurer of state shall reduce the amount transferred to the build
2 Indiana fund to the amount available in the property tax replacement
3 fund from the transfers under subsection (a)(3) for the state fiscal year.

4 (e) Before August 15 of each year, the treasurer of state shall
5 distribute the wagering taxes set aside for revenue sharing under
6 subsection (a)(1) to the county treasurer of each county that does not
7 have a riverboat **or a racetrack that offers slot machine wagering**
8 **under IC 4-35** according to the ratio that the county's population bears
9 to the total population of the counties that do not have a riverboat **or a**
10 **racetrack that offers slot machine wagering under IC 4-35**. Except
11 as provided in subsection (h), the county auditor shall distribute the
12 money received by the county under this subsection as follows:

13 (1) To each city located in the county according to the ratio the
14 city's population bears to the total population of the county.

15 (2) To each town located in the county according to the ratio the
16 town's population bears to the total population of the county.

17 (3) After the distributions required in subdivisions (1) and (2) are
18 made, the remainder shall be retained by the county.

19 (f) Money received by a city, town, or county under subsection (e)
20 or (h) may be used for any of the following purposes:

21 (1) To reduce the property tax levy of the city, town, or county for
22 a particular year (a property tax reduction under this subdivision
23 does not reduce the maximum levy of the city, town, or county
24 under IC 6-1.1-18.5).

25 (2) For deposit in a special fund or allocation fund created under
26 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and
27 IC 36-7-30 to provide funding for additional credits for property
28 tax replacement in property tax increment allocation areas or debt
29 repayment.

30 (3) To fund sewer and water projects, including storm water
31 management projects.

32 (4) For police and fire pensions.

33 (5) To carry out any governmental purpose for which the money
34 is appropriated by the fiscal body of the city, town, or county.
35 Money used under this subdivision does not reduce the property
36 tax levy of the city, town, or county for a particular year or reduce
37 the maximum levy of the city, town, or county under
38 IC 6-1.1-18.5.

39 (g) This subsection does not apply to an entity receiving money
40 under IC 4-33-12-6(c). Before September 15 of each year, the treasurer
41 of state shall determine the total amount of money distributed to an
42 entity under IC 4-33-12-6 during the preceding state fiscal year. If the

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1 treasurer of state determines that the total amount of money distributed
 2 to an entity under IC 4-33-12-6 during the preceding state fiscal year
 3 was less than the entity's base year revenue (as determined under
 4 IC 4-33-12-6), the treasurer of state shall make a supplemental
 5 distribution to the entity from taxes collected under this chapter and
 6 deposited into the property tax replacement fund. **Except as provided**
 7 **in subsection (i), the amount of the an entity's supplemental**
 8 **distribution is equal to:**

9 (1) the entity's base year revenue (as determined under
 10 IC 4-33-12-6); minus

11 (2) the sum of:

12 (A) the total amount of money distributed to the entity during
 13 the preceding state fiscal year under IC 4-33-12-6; plus

14 (B) any amounts deducted under IC 6-3.1-20-7.

15 (h) This subsection applies only to a county containing a
 16 consolidated city. The county auditor shall distribute the money
 17 received by the county under subsection (e) as follows:

18 (1) To each city, other than a consolidated city, located in the
 19 county according to the ratio that the city's population bears to the
 20 total population of the county.

21 (2) To each town located in the county according to the ratio that
 22 the town's population bears to the total population of the county.

23 (3) After the distributions required in subdivisions (1) and (2) are
 24 made, the remainder shall be paid in equal amounts to the
 25 consolidated city and the county.

26 **(i) This subsection applies only to the Indiana horse racing**
 27 **commission. For a state fiscal year ending before July 1, 2009, the**
 28 **amount of the Indiana horse racing commission's supplemental**
 29 **distribution under subsection (g) must be reduced by the amount**
 30 **required to comply with IC 4-33-12-7(a). For a state fiscal year**
 31 **beginning after June 30, 2009, the Indiana horse racing**
 32 **commission is not entitled to a supplemental distribution under**
 33 **subsection (g).**

34 SECTION 13. IC 4-33-18-9, AS AMENDED BY P.L.91-2006,
 35 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 UPON PASSAGE]: Sec. 9. (a) Nothing in this chapter may be
 37 construed to limit the powers or responsibilities of:

38 (1) the ~~Indiana state~~ lottery commission under IC 4-30;

39 (2) the Indiana horse racing commission under IC 4-31; or

40 (3) the Indiana gaming commission under IC 4-32.2, ~~or~~ IC 4-33,
 41 **or IC 4-35.**

42 (b) The department may not exercise any administrative or

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regulatory powers with respect to:

- (1) the Indiana lottery under IC 4-30;
- (2) pari-mutuel horse racing under IC 4-31;
- (3) charity gaming under IC 4-32.2; or
- (4) riverboat casino gambling under IC 4-33; or
- (5) **gambling games conducted at a racetrack (as defined in IC 4-35-2-8) under IC 4-35.**

SECTION 14. IC 4-35 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 35. GAMBLING GAMES AT RACETRACKS

Chapter 1. Application

Sec. 1. This article applies only to gambling games conducted by a permit holder holding a gambling game license issued under IC 4-35-5.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Adjusted gross receipts" means:

- (1) the total of all cash and property (including checks received by a licensee, whether collected or not) received by a licensee from gambling games; minus
- (2) the total of:
 - (A) all cash paid out to patrons as winnings for gambling games; and
 - (B) uncollectible gambling game receivables, not to exceed the lesser of:
 - (i) a reasonable provision for uncollectible patron checks received from gambling games; or
 - (ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out to patrons as winnings for gambling games.

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the licensee from gambling games.

Sec. 3. "Commission" refers to the Indiana gaming commission established by IC 4-33-3-1.

Sec. 4. "Department" refers to the department of state revenue.

Sec. 5. "Gambling game" means a game played on a slot machine approved for wagering under this article by the commission.

Sec. 6. "Licensee" means a permit holder holding a gambling

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game license issued under IC 4-35-5.

Sec. 7. "Permit holder" means a person holding a permit issued under IC 4-31-5 to conduct a pari-mutuel horse racing meeting.

Sec. 8. "Racetrack" means the racetrack specified in a permit holder's permit to conduct a pari-mutuel horse racing meeting.

Sec. 9. "Supplier's license" means a license issued under IC 4-35-6.

Chapter 3. General Provisions

Sec. 1. All shipments of slot machines to licensees in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through elected and qualified members of the general assembly, declares that the state is exempt from 15 U.S.C. 1172.

Chapter 4. Powers and Duties of the Indiana Gaming Commission

Sec. 1. The commission shall regulate and administer gambling games conducted by a licensee under this article.

Sec. 2. The commission shall do the following:

(1) Adopt rules under IC 4-22-2 that the commission determines are necessary to protect or enhance the following:

(A) The credibility and integrity of gambling games authorized under this article.

(B) The regulatory process provided in this article.

(2) Conduct all hearings concerning civil violations of this article.

(3) Provide for the establishment and collection of license fees imposed under this article, and deposit the license fees in the state general fund.

(4) Levy and collect penalties for noncriminal violations of this article and deposit the penalties in the state general fund.

(5) Adopt appropriate standards for the design, appearance, aesthetics, and construction of slot machine facilities authorized under this article.

Sec. 3. The commission shall adopt rules under IC 4-22-2 for the following purposes:

(1) Administering this article.

(2) Establishing the conditions under which gambling games at racetracks may be conducted.

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(3) Providing for the prevention of practices detrimental to the public interest.

(4) Establishing rules concerning the inspection of gambling game facilities at racetracks and the review of the licenses necessary to conduct gambling games under this article.

(5) Imposing penalties for noncriminal violations of this article.

Sec. 4. The commission may enter into a contract with the Indiana horse racing commission for the provision of services necessary to administer this article.

Chapter 5. Gambling Game License

Sec. 1. The commission may issue a license to a permit holder to conduct gambling games under this article at the permit holder's racetrack. The number of licenses issued under this chapter may not exceed two (2).

Sec. 2. Before issuing a license to a person under this chapter, the commission shall subject the person to a background investigation similar to a background investigation required for an applicant for a riverboat owner's license under IC 4-33-6.

Sec. 3. A permit holder that is issued a gambling game license under this article must pay an initial licensing fee of seventy-five million dollars (\$75,000,000). The fee required under this section must be paid to the commission before September 1, 2007.

Sec. 4. (a) An initial gambling game license expires ten (10) years after the effective date of the license. Unless the gambling game license is terminated or revoked, the gambling game license may be renewed annually thereafter upon:

(1) the payment of an annual renewal fee of five thousand dollars (\$5,000); and

(2) a determination by the commission that the licensee satisfies the conditions of this chapter.

(b) An initial gambling game license must be held by the licensee for at least ten (10) years

Sec. 5. (a) The commission shall conduct a complete investigation of each licensee every three (3) years to determine whether the licensee remains in compliance with this article.

(b) Notwithstanding subsection (a), the commission may investigate a licensee at any time the commission determines it is necessary to ensure that the licensee remains in compliance with this article.

Sec. 6. A permit holder or other person investigated under this chapter shall bear the cost of the investigation.

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1 **Sec. 7. (a) A licensee or any other person must apply for and**
 2 **receive the commission's approval before:**

3 **(1) a gambling game license is:**

4 **(A) transferred;**

5 **(B) sold; or**

6 **(C) purchased; or**

7 **(2) a voting trust agreement or other similar agreement is**
 8 **established with respect to the gambling game license.**

9 **(b) The commission shall adopt rules governing the procedure**
 10 **a licensee or other person must follow to take an action under**
 11 **subsection (a). The rules must specify that a person who obtains an**
 12 **ownership interest in a gambling game license must meet the**
 13 **criteria of this article and comply with the rules adopted by the**
 14 **commission. A licensee may transfer a gambling game license only**
 15 **in accordance with this article and the rules adopted by the**
 16 **commission.**

17 **(c) A person may not:**

18 **(1) lease;**

19 **(2) hypothecate; or**

20 **(3) borrow or loan money against;**
 21 **a gambling game license.**

22 **(d) A transfer fee is imposed on a person who sells or otherwise**
 23 **relinquishes a controlling interest, as determined under the rules**
 24 **of the commission, in a gambling game license. The fee is equal to**
 25 **the greater of:**

26 **(1) zero (0); or**

27 **(2) the product of:**

28 **(A) five-tenths (0.5); multiplied by**

29 **(B) the result of:**

30 **(i) the amount of the selling price of the controlling**
 31 **interest; minus**

32 **(ii) seventy-five million dollars (\$75,000,000).**

33 **Sec. 8. The commission shall transfer:**

34 **(1) fees collected under this chapter; and**

35 **(2) all investigation costs recovered under this chapter;**
 36 **to the treasurer of state for deposit in the state general fund.**

37 **Chapter 6. Slot Machine Suppliers**

38 **Sec. 1. The commission may issue a supplier's license under this**
 39 **chapter to a person if:**

40 **(1) the person has:**

41 **(A) applied for the supplier's license;**

42 **(B) paid a nonrefundable application fee set by the**

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commission;

(C) paid a five thousand dollar (\$5,000) annual supplier's license fee; and

(D) submitted, on forms provided by the commission, two (2) sets of:

(i) the individual's fingerprints, if the applicant is an individual; or

(ii) fingerprints for each officer and director of the applicant, if the applicant is not an individual; and

(2) the commission has determined that the applicant is eligible for a supplier's license.

Sec. 2. A person may not receive a supplier's license under this chapter if:

(1) the person has been convicted of a felony under Indiana law, the laws of any other state, or the laws of the United States;

(2) the person has knowingly or intentionally submitted an application for a supplier's license under this chapter that contains false information;

(3) the person is a member of the commission;

(4) the person is an officer, a director, or a managerial employee of a person described in subdivision (1) or (2);

(5) the person employs an individual who:

(A) is described in subdivision (1), (2), or (3); or

(B) participates in the management or operation of gambling operations authorized under this article;

(6) the person owns more than a ten percent (10%) ownership interest in any other person holding a permit issued under IC 4-31; or

(7) a license issued to the person:

(A) under this article;

(B) under IC 4-33-7; or

(C) to supply gaming supplies in another jurisdiction; has been revoked.

Sec. 3. A holder of a supplier's license may:

(1) sell;

(2) lease; or

(3) contract to sell or lease;

a slot machine to a licensee.

Sec. 4. A person may not furnish slot machines to a licensee unless the person possesses a supplier's license.

Sec. 5. A slot machine may not be distributed for use under this

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1 article unless the slot machine conforms to standards adopted by
2 the commission.

3 Sec. 6. (a) A supplier shall furnish to the commission a list of all
4 slot machines offered for sale or lease in connection with gambling
5 games authorized under this article.

6 (b) A supplier shall keep books and records for the furnishing
7 of slot machines to licensees. The books and records required
8 under this subsection must be kept separate from the books and
9 records of any other business operated by the supplier.

10 (c) A supplier shall file a quarterly return with the commission
11 listing all sales and leases.

12 (d) A supplier shall permanently affix the supplier's name to all
13 slot machines that the supplier provides to licensees under this
14 chapter.

15 Sec. 7. If the commission determines that a supplier's slot
16 machine has been used by a person in an unauthorized gambling
17 operation, the slot machine shall be forfeited to the state.

18 Sec. 8. Slot machines operated under this article may be:

- 19 (1) repaired on the premises of a racetrack; or
- 20 (2) removed for repair from the racetrack to a facility owned
21 by the licensee.

22 Sec. 9. (a) Unless a supplier's license is suspended, expires, or is
23 revoked, the supplier's license may be renewed annually upon:

- 24 (1) the payment of a five thousand dollar (\$5,000) annual
25 renewal fee; and
- 26 (2) a determination by the commission that the holder of the
27 supplier's license is in compliance with this article.

28 (b) The commission shall conduct a complete investigation of
29 each holder of a supplier's license every three (3) years to
30 determine whether the holder of the supplier's license is in
31 compliance with this article.

32 (c) Notwithstanding subsection (b), the commission may
33 investigate the holder of a supplier's license at any time the
34 commission determines it is necessary to ensure that the holder of
35 the supplier's license is in compliance with this article.

36 (d) The holder of a supplier's license shall bear the cost of an
37 investigation or a reinvestigation of the licensee and any
38 investigation resulting from a potential transfer of ownership.

39 Sec. 10. The commission shall transfer:

- 40 (1) fees collected under this chapter; and
- 41 (2) all investigation costs recovered under this chapter;
42 to the treasurer of state for deposit in the state general fund.

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Chapter 7. Conduct of Gambling Games at Racetracks

Sec. 1. Gambling games authorized under this article may not be conducted anywhere other than a slot machine facility located at a racetrack.

Sec. 2. (a) A person who is less than twenty-one (21) years of age may not wager on a slot machine.

(b) Except as provided in subsection (c), a person who is less than twenty-one (21) years of age may not be present in the area of a racetrack where gambling games are conducted.

(c) A person who is at least eighteen (18) years of age and who is an employee of the racetrack may be present in the area of the racetrack where gambling games are conducted. However, an employee who is less than twenty-one (21) years of age may not perform any function involving gambling by the patrons of the licensee's slot machine facility.

Sec. 3. Minimum and maximum wagers on gambling games shall be determined by the licensee.

Sec. 4. The following may inspect a licensee's slot machine facility at any time to determine if this article is being violated:

(1) Employees of the commission.

(2) Officers of the state police department.

Sec. 5. Employees of the commission have the right to be present in a licensee's slot machine facility.

Sec. 6. A slot machine may be purchased or leased only from a supplier licensed under this article.

Sec. 7. Slot machine wagering is the only form of wagering permitted in a licensee's slot machine facility.

Sec. 8. Wagers may be received only from a person present in a licensee's slot machine facility. A person present in a licensee's slot machine facility may not place or attempt to place a wager on behalf of a person who is not present in the licensee's slot machine facility.

Sec. 9. Wagering may not be conducted with money or other negotiable currency.

Sec. 10. (a) A patron may make a wager at a racetrack only by means of:

(1) a token; or

(2) an electronic card;

purchased from a licensee at the licensee's racetrack.

(b) A token or an electronic card may be purchased by means of an agreement under which a licensee extends credit to the patron.

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1 **Sec. 11. A token or an electronic card described in section 10 of**
 2 **this chapter may be used by a patron while the patron is present at**
 3 **the racetrack only to make a wager on a slot machine authorized**
 4 **under this article.**

5 **Sec. 12. (a) A licensee may not initially install more than two**
 6 **thousand five hundred (2,500) slot machines on the premises of the**
 7 **licensee's racetrack.**

8 **(b) A licensee may not install additional slot machines on the**
 9 **premises of the licensee's racetrack unless the installation is**
 10 **approved by the commission.**

11 **Sec. 13. (a) The Indiana horse racing commission shall enforce**
 12 **the requirements of this section.**

13 **(b) A licensee shall annually devote to horse racing purses an**
 14 **amount equal to at least fifteen percent (15%) of the adjusted gross**
 15 **receipts from slot machine wagering at the licensee's racetrack.**

16 **(c) The commission shall provide the Indiana horse racing**
 17 **commission with the information necessary to enforce this section.**

18 **(d) The Indiana horse racing commission shall investigate any**
 19 **complaint that a licensee has failed to comply with the horse racing**
 20 **purse requirements set forth in this section. If, after notice and a**
 21 **hearing, the Indiana horse racing commission finds that a licensee**
 22 **has failed to comply with the purse requirements set forth in this**
 23 **section, the Indiana horse racing commission may:**

24 **(1) issue a warning to the licensee;**

25 **(2) impose a civil penalty that may not exceed one million**
 26 **dollars (\$1,000,000); or**

27 **(3) suspend a meeting permit issued under IC 4-31-5 to**
 28 **conduct a pari-mutuel wagering horse racing meeting in**
 29 **Indiana.**

30 **(e) A civil penalty collected under this section must be deposited**
 31 **in the Indiana health insurance fund established by IC 4-35-8-8.**

32 **Chapter 8. Taxation of Slot Machine Wagering**

33 **Sec. 1. (a) A slot machine wagering tax is imposed on the**
 34 **adjusted gross receipts received from wagering on gambling games**
 35 **authorized by this article at the rate of:**

36 **(1) thirty-two and five-tenths percent (32.5%) of the first one**
 37 **hundred fifty million dollars (\$150,000,000) of the adjusted**
 38 **gross receipts received during the period beginning July 1 of**
 39 **each year and ending June 30 of the following year; and**

40 **(2) thirty-seven and five-tenths percent (37.5%) of the**
 41 **adjusted gross receipts exceeding one hundred fifty million**
 42 **dollars (\$150,000,000) received during the period beginning**

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July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

Sec. 2. (a) The state racetrack gaming fund is established.

(b) The department shall deposit tax revenue collected under section 1 of this chapter in the state racetrack gaming fund.

(c) Money in the state racetrack gaming fund is continuously appropriated for the purposes of this chapter.

Sec. 3. (a) This section applies to the first twenty-seven million two hundred five thousand two hundred eighty-four dollars (\$27,205,284) deposited in the state racetrack gaming fund in a state fiscal year ending before July 1, 2009.

(b) Before the fifteenth day of each month, the treasurer of state shall distribute the tax revenue deposited in the state racetrack gaming fund in the preceding month to the Indiana horse racing commission to be distributed in amounts determined by the Indiana horse racing commission as follows:

(1) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(2) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this subdivision only for purses, promotions, and routine operations of the racetrack. A grant may not be made for long term capital investment or construction, and a grant may not be made before the racetrack becomes operational and is offering a racing schedule.

Sec. 4. (a) This section applies to the tax revenue deposited in the state racetrack gaming fund that exceeds twenty-seven million two hundred five thousand two hundred eighty-four dollars (\$27,205,284) in a state fiscal year ending before July 1, 2009.

(b) The treasurer of state shall transfer the tax revenue described in subsection (a) to the state general fund.

Sec. 5. (a) This section applies to a state fiscal year beginning

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1 after June 30, 2009.

2 (b) Before the fifteenth day of each month, the treasurer of state
3 shall transfer the tax revenue deposited in the state racetrack
4 gaming fund in the previous month as follows:

5 (1) An amount equal to twenty percent (20%) of the tax
6 revenue remitted in the previous month by the racetrack
7 located in Madison County to the treasurer of Madison
8 County.

9 (2) An amount equal to twenty percent (20%) of the tax
10 revenue remitted in the previous month by the racetrack
11 located in Shelby County to the treasurer of Shelby County.

12 (3) The remaining tax revenue deposited in the state racetrack
13 gaming fund in the previous month to the state general fund.

14 Sec. 6. The auditor of each county containing a racetrack shall
15 distribute the tax revenues transferred to the county under section
16 5 of this chapter as follows:

17 (1) To each city located in the county according to the ratio
18 the city's population bears to the total population of the
19 county.

20 (2) To each town located in the county according to the ratio
21 the town's population bears to the total population of the
22 county.

23 (3) After the distributions required in subdivisions (1) and (2)
24 are made, the remainder shall be retained by the county.

25 Sec. 7. (a) As used in this section, "political subdivision" means
26 a county, city, or town.

27 (b) Money paid to a political subdivision under this chapter:

28 (1) must be paid to the fiscal officer of the political subdivision
29 and must be deposited in the political subdivision's general
30 fund;

31 (2) may not be used to reduce the political subdivision's
32 maximum levy under IC 6-1.1 but may be used at the
33 discretion of the political subdivision to reduce the property
34 tax levy of the political subdivision for a particular year;

35 (3) may be used for any purpose specified in this chapter or
36 for any other legal or corporate purpose of the political
37 subdivision, including the pledge of money to bonds, leases, or
38 other obligations under IC 5-1-14-4; and

39 (4) is considered miscellaneous revenue.

40 Sec. 8. (a) As used in this section, "fund" refers to the Indiana
41 health insurance fund established under subsection (b).

42 (b) The Indiana health insurance fund is established. The fund

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consists of amounts deposited under IC 4-33 and this article.

(c) The fund shall be administered by the treasurer of state. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(d) Money in the fund must be used to provide health insurance to Indiana residents who reside in a household with an annual household income that is less than three hundred percent (300%) of the federal income poverty level.

(e) Money in the fund is continuously appropriated for the purposes of this section.

Chapter 9. Penalties

Sec. 1. This chapter applies only to gambling games authorized under this article.

Sec. 2. A person who knowingly or intentionally aids, induces, or causes a person who is:

- (1) less than twenty-one (21) years of age; and
 - (2) not an employee of a licensee;
- to enter or attempt to enter the licensee's slot machine facility commits a Class A misdemeanor.

Sec. 3. A person who:

- (1) is not an employee of a licensee;
 - (2) is less than twenty-one (21) years of age; and
 - (3) knowingly or intentionally enters the licensee's slot machine facility;
- commits a Class A misdemeanor.

Sec. 4. A person who knowingly or intentionally:

- (1) makes a false statement on an application submitted under this article;
 - (2) conducts a gambling game in a manner other than the manner required under this article; or
 - (3) wagers or accepts a wager at a location other than a licensee's slot machine facility;
- commits a Class A misdemeanor.

Sec. 5. A person who knowingly or intentionally does any of the following commits a Class D felony:

- (1) Offers, promises, or gives anything of value or benefit:
 - (A) to a person who is connected with a licensee, including an officer or employee of a licensee; and

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- 1 (B) under an agreement to influence or with the intent to
- 2 influence:
- 3 (i) the actions of the person to whom the offer, promise,
- 4 or gift was made in order to affect or attempt to affect
- 5 the outcome of a gambling game; or
- 6 (ii) an official action of a commission member.
- 7 (2) Solicits, accepts, or receives a promise of anything of value
- 8 or benefit:
- 9 (A) while the person is connected with a licensee, including
- 10 as an officer or employee of a licensee; and
- 11 (B) under an agreement to influence or with the intent to
- 12 influence:
- 13 (i) the actions of the person to affect or attempt to affect
- 14 the outcome of a gambling game; or
- 15 (ii) an official action of a commission member.
- 16 (3) Uses or possesses with the intent to use a device to assist
- 17 in:
- 18 (A) projecting the outcome of a gambling game;
- 19 (B) analyzing the probability of the occurrence of an event
- 20 related to a gambling game; or
- 21 (C) analyzing the strategy for playing or betting to be used
- 22 in a gambling game, except as permitted by the
- 23 commission.
- 24 (4) Cheats at a gambling game.
- 25 (5) Manufactures, sells, or distributes any game or device that
- 26 is intended to be used to violate this article.
- 27 (6) Alters or misrepresents the outcome of a gambling game
- 28 on which wagers have been made after the outcome is made
- 29 sure but before the outcome is revealed to the players.
- 30 (7) Places a bet on the outcome of a gambling game after
- 31 acquiring knowledge that:
- 32 (A) is not available to all players; and
- 33 (B) concerns the outcome of the gambling game that is the
- 34 subject of the bet.
- 35 (8) Aids a person in acquiring the knowledge described in
- 36 subdivision (7) to place a bet contingent on the outcome of a
- 37 gambling game.
- 38 (9) Claims, collects, takes, or attempts to claim, collect, or
- 39 take money or anything of value in or from a gambling game:
- 40 (A) with the intent to defraud; or
- 41 (B) without having made a wager contingent on winning a
- 42 gambling game.

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(10) Claims, collects, or takes an amount of money or a thing of value that is of greater value than the amount won in a gambling game.

(11) Uses or possesses counterfeit tokens in or for use in a gambling game.

(12) Possesses a key or device designed for:

(A) opening, entering, or affecting the operation of a gambling game, a drop box, or an electronic or a mechanical device connected with the gambling game; or

(B) removing coins, tokens, or other contents of a gambling game.

This subdivision does not apply to a licensee or an employee of a licensee acting in the course of the employee's employment.

(13) Possesses materials used to manufacture a slug or device intended to be used in a manner that violates this article.

Chapter 10. Employment

Sec. 1. (a) This section applies if a permit holder's employees are covered under the terms of a collective bargaining agreement that is in effect at the time a gambling game license is issued to the permit holder under IC 4-35-5.

(b) If a permit holder has nonsupervisory employees whose work is:

(1) directly related to:

(A) pari-mutuel terminal operations; or

(B) money room functions associated with pari-mutuel wagering on horse racing; and

(2) covered under the terms of a collective bargaining agreement;

the permit holder shall, subject to subsection (c), staff nonsupervisory positions directly related to the operation of gambling games under this article with employees whose work is covered under the terms of a collective bargaining agreement.

(c) The employees described in subsection (b) must be qualified to meet the licensing requirements of this article and any criteria required by the commission in rules adopted under IC 4-22-2.

Sec. 2. The job classifications, job duties, wage rates, and benefits of nonsupervisory positions related to gambling games may be established by agreement of the parties to a collective bargaining agreement or, in the absence of an agreement, by the permit holder.

SECTION 15. IC 6-8.1-1-1, AS AMENDED BY P.L.162-2006,

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SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); **the slot machine wagering tax (IC 4-35-8)**; the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 16. IC 35-45-5-7, AS AMENDED BY P.L.91-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

(1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state; **or**

(2) a game of chance operated in accordance with IC 4-32.2; **or**

(3) a gambling game operated in accordance with IC 4-35.

SECTION 17. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 11. This chapter does not**

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1 apply to a gambling game authorized by IC 4-35.

2 SECTION 18. [EFFECTIVE UPON PASSAGE] (a) If the Indiana
3 gaming commission determines that a permit holder (as defined in
4 IC 4-35-2-7, as added by this act) has met the requirements of this
5 act, the Indiana gaming commission shall adopt a resolution
6 authorizing the permit holder to conduct gambling games under
7 IC 4-35, as added by this act. The Indiana gaming commission may
8 exercise any power necessary to implement this act under a
9 resolution authorized under this SECTION.

10 (b) Subject to subsection (c), the Indiana gaming commission
11 shall authorize a permit holder to conduct gambling games in a
12 temporary facility upon the Indiana gaming commission's approval
13 of the permit holder's plans for a permanent facility. Gambling
14 games may be conducted in a temporary facility under this
15 SECTION for not more than eighteen (18) months.

16 (c) The Indiana gaming commission may not approve gambling
17 games in a temporary facility under this SECTION unless the
18 temporary facility is located at a permit holder's race track or on
19 real estate that is adjacent to the permit holder's race track.

20 (d) This SECTION expires January 1, 2010.

21 SECTION 19. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, to which was referred House Bill 1835, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning gaming and to make an appropriation.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1835 as introduced.)

VAN HAAFTEN, Chair

Committee Vote: yeas 9, nays 3.

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